# Exhibit 2

# Release Number 8520-22

# CFTC Charges Archegos Capital Management and Three Employees with Scheme to Defraud Resulting in Swap Counterparty Losses Over $10 Billion

## Two Archegos Employees Admit Roles in Fraud and Are Cooperating

**April 27, 2022**

**Washington, D.C.** — The Commodity Futures Trading Commission today announced it has filed a complaint in the U.S. District Court for the Southern District of New York against **Archegos Capital Management, LP** (Archegos) and its Chief Financial Officer, **Patrick Halligan,** of Syosset, New York, charging them with fraud.

The CFTC also issued two orders simultaneously filing and settling charges against two Archegos employees, **William Tomita** of Palm Beach, Florida, formerly Archegos' Head Trader; and **Scott Becker** of Goshen, New York, formerly Archegos' Director of Risk Management. Tomita and Becker have each admitted their roles in the scheme and agreed to cooperate with the CFTC.

"Honesty, integrity, and transparency are fundamental to the proper functioning of our swaps markets," said Chairman Rostin Behnam. "The CFTC will take action against those who provide false or misleading information that undermines our markets."

"These actions demonstrate the CFTC will continue to work vigilantly to protect the financial integrity of transactions in the swaps markets," said Acting Director of Enforcement Gretchen Lowe. "There is no tolerance for fraud in the derivatives market, including fraud by family offices like Archegos, which are currently not subject to direct CFTC oversight."

Specifically, the complaint charges the defendants with engaging in a scheme to provide false or misleading material information and failing to provide such material information to swap counterparties of Archegos Fund, LP, a private fund managed by Archegos, regarding the size of its positions, the amount of its unencumbered cash, and the risk associated with Archegos Fund's investment portfolio. The complaint alleges that as a result of the defendants' and respondents' misconduct, Archegos Fund's swap counterparties collectively lost over $10 billion. The CFTC seeks restitution to defrauded swap counterparties, disgorgement of ill-gotten gains, civil monetary penalties, permanent registration and trading bans, and permanent injunctions against further violations of the Commodity Exchange Act and CFTC regulations, as charged.

The CFTC's orders against Tomita and Becker find the respondents engaged in the scheme in order to secure additional capacity for Archegos to enlarge its swap trading positions, to obtain or maintain favorable margin rates, and to attempt to satisfy margin calls. In connection with the orders, Tomita and Becker each entered into cooperation agreements with the Division of Enforcement and admitted to engaging in the fraudulent scheme. The orders impose immediate cease and desist obligations with respect to Tomita and Becker, and further sanctions will be determined in future proceedings.

**Case Background**

The complaint against Archegos and Halligan alleges that from March 2020 to March 2021, Archegos and others acting on its behalf repeatedly misrepresented material facts or omitted material facts relevant to assessing the risk of Archegos Fund's portfolio, including the size of its largest positions, aggregate gross exposure, amount of unencumbered cash, and liquidity. The complaint further alleges that Halligan aided and abetted Archegos' fraud by directing Archegos employees to misrepresent or omit certain of these material facts.

To hedge the market risk associated with its long portfolio, Archegos Fund entered into short swaps with a total notional value of tens of billions of dollars referencing broad-based exchange-traded funds and broad-based custom baskets of securities. The complaint alleges that these short broad-based swaps were also critical to inducing Archegos Fund's swap counterparties to allow Archegos Fund to continue to build on its highly leveraged, concentrated, and illiquid long positions.

As an example of the defendants' numerous misrepresentations, the complaint alleges that Archegos and other employees repeatedly and consistently misrepresented to swap counterparties the size of Archegos Fund's largest position. By March 2021, Archegos Fund's largest position was approximately 70% of the fund's net asset value, yet Archegos, at Halligan's direction, misrepresented during that time that the fund's largest position was only 35% of its net asset value. Archegos also misrepresented to swap counterparties that Archegos Fund's portfolio was more liquid than it really was. By misrepresenting the size of Archegos Fund's largest position and the overall liquidity of Archegos Fund's portfolio, the defendants misrepresented that Archegos Fund's portfolio was materially less concentrated (and hence materially less risky) than it actually was.

During the week of March 22, 2021, virtually all of Archegos Fund's largest long positions sharply declined, triggering margin calls from its swap counterparties totaling over $13 billion. The margin calls far exceeded Archegos Fund's available cash, causing it to collapse, dismiss employees, and cease operations. The complaint alleges that during this week, Archegos made additional misrepresentations regarding Archegos Fund's financial state.

**Tomita and Becker Settlements**

The CFTC's orders for Tomita and Becker find that each made numerous misrepresentations to Archegos Fund's swap counterparties in connection with the fraudulent scheme. Tomita and Becker admitted to engaging in the fraudulent scheme, including intentionally and/or recklessly providing false or misleading material information and failing to provide such material information to Archegos Fund's swap counterparties regarding, among other things, the size, composition, and liquidity of positions in Archegos Fund's entire portfolio across financial institutions.

**Parallel Criminal and Civil Actions**

Today, in separate actions, the U.S. Attorney's Office for the Southern District of New York and the Securities and Exchange Commission (SEC) announced the filing of parallel matters for related conduct.

The Division of Enforcement thanks and acknowledges the assistance of the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, and the SEC.

The Division of Enforcement staff members responsible for this case are Trevor Kokal, Jacob Mermelstein, John C. Murphy, Benjamin J. Rankin, Jordon Grimm, Allison Sizemore, Alejandra de Urioste, Steven I. Ringer, Lenel Hickson, Jr., and Manal Sultan.

**-CFTC-**